Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

UNCLASSIFIED

PAGE 01 MONTEV 02307 271411Z

42
ACTION EB-11

INFO OCT-01 ARA-16 ADP-00 COME-00 SS-15 CIAE-00 INR-10

NSAE-00 RSC-01 RSR-01 /055 W
---------- 072434
R 271305Z JUL 73
FM AMEMBASSY MONTEVIDEO
TO SECSTATE WASHDC 4951

UNCLAS MONTEVIDEO 2307

E.O. 11652: N/A
TAGS: BEXP, XX, UY
SUBJ: STATE/COMMERCE COOPERATION ON COMMERCIAL
PROGRAM

SECRETARY DENT AND UNDERSECRETARY CASEY FROM CHARGE

REF: STATE 141993

1. THERE FOLLOW A FEW SUGGESTIONS FOR CONSIDERATION FOR INCLUSION IN THE AGENDA OF THE PROJECTED QUARTERLY MEETING. THE APPARENT DICHOTOMY OF ECONOMIC-VS.-COMMERCIAL ACTIVITIES HAS ALWAYS BEEN SHARPER IN WASHINGTON THAN OVERSEAS, WHERE THEDISTINCTIONS BETWEEN WORK THAT THEORETICALLY IS PURELY ECONOMIC AND PURELY COMMERCIAL TEND TO FADE IN PRACTICE. IT IS PRIMARILY IN WASHINGTON THAT "ECONOMIC VS. COMMERCIAL" HAS TRADITIONALLY TENDED TO SIGNIFY "STATE VS. COMMERCE" AND THEREFORE HAS BECOME INVOLVED IN INTER-DEPARTMENTAL RIVALRIES. IF THIS WASHINGTON TENDENCY, NO LONGER EXISTS, WE ARE BEATING A DEAD HORSE. IF IT STILL EXISTS, STATE/COMMERCE PERIODIC MEETINGS MIGHT CONTINUE TO GIVE ATTENTION TO ASSURING STATE AND COMMERCE WORK SMOOTHLY TOGETHER IN WASHINGTON AT ALL LEVELS TO PROMOTE U.S. ECONOMIC AND COMMERCIAL INTERESTS ABROAD. AS WE
SEE IT HERE, THE FIRST NEED IS FOR ALL CONCERNED TO AGREE THAT U.S. COMMERCIAL INTERESTS ARE NOT SEPARATE FROM BUT AN IMPORTANT PART OF OVERALL U.S. ECONOMIC INTERESTS, AND THAT U.S. FOREIGN ECONOMIC INTERESTS, AS A VITAL PART OF U.S. FOREIGN RELATIONS, MUST ALWAYS BE SUBJECT TO COORDINATION BY
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MONTEV 02307 271411Z

STATE AS THE ONLY GOVERNMENT DEPARTMENT PRIMARILY CONCERNED

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

WITH U.S. FOREIGN AFFAIRS.

2. ECONOMIC/COMMERCIAL OPERATIONS OVERSEAS, WORK MORE NATURALLY IN HARMONY BY BEING PART OF A SINGLE ORGANIZATION (A FOREIGN SERVICE POST) THAN THEY SEEM TO IN WASHINGTON, WHERE THEY ARE NOT. PERHAPS LESS ATTENTION IS NEEDED IN THE DESIGNATION OF SPECIFIC OFFICERS AS ECONOMIC OR COMMERCIAL OR ECONOMIC/COMM-ERCIAL, BECAUSE IN THE FIELD THOSE DESIGNATIONS LOSE MUCH SIGNIFICANCE. AT THIS POST, FOR EXAMPLE, MOST U.S. BUSINESSMEN WHTH WHOM WE ARE IN CONTACT WANT AND EXPECT THE OFFIKBR THEY TALK TO, BE HE COMMERCIAL ATTACHE OR ANOTHER, TO BE WELL INFORMED ABOUT THE URUGUAYAN ECONOMY IN GENERAL AND NOT JUST A SOURCE OF TRADE INFORMATION. SIMILARLY, VISITING U.S. BANKERS (WHO CONSTITUTE AN IMPORTANT CATEGORY OF U.S. BUEINESSMEN) ALMOST INVARIABLY WANT TO TALK TO OUR VERY KNOWLEDGEABLE FINANCIAL REPORTING OFFICER, WHOSE JOB APPEARS BUREAUCRATICALLY TO BE THE MOST PURELY ECONOMIC (AS OPPOSED TO COMMERCIAL) OF THE POSITIONS IN OUR ECONOMIC AND COMMERCIAL SECTION.

3. IN A DIFFERENT PROBLEM-AREA, WE BELIEVE IT WOULD BE USEFUL IN THE AGENDA TO TREAT DEVELOPING COUNTRIES SEPARATELY FROM DEVELOPED TRADING NATIONS. WHILE URUGUAY IS NOT AND PROBABLY NEVER WILL BE IMPORTANT MARKET FOR U.S. PRODUCTS, EXCEPT FOR PERIODIC DEVELOPMENT PROJECTS, THE TOTALITY OF LDC'S DOES CONSTITUTE MAJOR MARKET.

4. MOST LDC'S HAVE IMPORTANT IMPORT/EXPORT SYSTEMS DOMI BTED BY GOVERNMENT WHERE AN IMPORT QUOTA AND/OR LICENSE IS HARDER TO OBTAIN THAN CUSTOMERS FOR PRODUCTS. ALSO SOME ARE CHARACTERIZED BY SOME DEGREE OF CORRUPTION, AND THE SIZE OF A BRIBE MAY SOME-TIMES BE A MORE IMPORTANT CONSIDERATION THAN PRICE IN SELLING GOODS AND WINNING BIDS. THESE OBSTACLES CAN AT TIMES BE OVERCOME BY ALERT EMBASSY OFFICERS, BUT IT MAY ALSO BE POSSIBLE TO LESSEN THESE "NON-TARIFF" BARRIERS BY STRENGTHENING INTERNATIONAL RULES FOR THE TRADING GAME. IT IS ONLY FAIR TO NOTE THAT MANY BUSINESSMEN SEEK TO AVOID ONEROUS GOVERNMENT CONTROLS BY ILLEGAL PRACTICES SUCH AS UNDER AND OVER-INVOICING OF EXPORTS AND IMPORTS. SOME POLICING OF TRANSACTIONS AT BOTH ENDS THROUGH INTER-GOVERNMENTAL COOPERATION MIGHT BE A QUID PRO QUO FOR FAIRER IMPORT REGIMES IN LDC'S.
UNCLASSIFIED

5. IT SHOULD ALSO BE RECOGNIZED THAT COMMERCIAL AND ECONOMIC FUNCTIONS ARE MORE INTERWOVEN IN EMBASSIES IN LDC'S THAN IN DEVELOPED COUNTRIES. GOVERNMENT-DIRECTED ECONOMIC DEVELOP-MENT IS A FUNDAMENTAL POLITICAL AS WELL AS ECONOMIC ACTIVITY IN LDC'S, AND DEVELOPMENT PROJECTS ARE A MAJOR SOURCE OF SALES BY OVERSEAS SUPPLIERS. MANY OF OUR COMPETITOR EXPORT NATIONS APPEAR TO MAINTAIN DIPLOMATIC OFFICERS IN COUNTRIES OF LITTLE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

POLITICAL INTEREST TO THEM SOLELY TO DEVELOP COMMERCIAL
ADVANTAGES.

6. THE FINAL SUGGESTION WE ADVANCE FOR CONSIDERATION IS THAT OF
PROVIDING SHORT-TERM EXPORT HELP TO EMBASSIES ABROAD WHEN
SPECIFIC LARGE-ACALE SALES OPPORTUNITIES ARISE. FOR EXAMPLE,
A LARGE NUMBER OF HYDRO-ELECTRIC INSTALLATIONS ARE PROJECTED
IN THE SOUTHERN CONE IN COMING YEARS, INCLUDING TWO IN URUGUAY
(SALTO GRANDE, IN COOPERATION WITH ARGENTINA, AND PALMAR).
IT MIGHT BE USEFUL TO HAVE A GEGOIONAL SPECIALIST IN PGYER
EQUIPMENT FOLLOW THESE DEVELOPMENTS AND INTEREST AND ASSIST
POTENTIAL U.S. SUPPLIERS IN PRESENTING BIDS. A KNOWLEDGEABLE
EXPERT IN SUCH FIELDS MIGHT ALSO HAVE SOME EFFECT ON GOVERNMENT
PURCHASING THROUGH PERSONAL CONTACT WITH GOVERNMENT TECHNICIANS.
(IT IS NOT UNUSUAL TO HEAR COMPLAINTS IN SOME COUNTRIES
THAT PROJECT SPECIFICATIONS HAVE BEEN COOKED TO FAVOR INDI-
VIDUAL SUPPLIERS.)
ORTIZ

UNCLASSIFIED

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MONTEV02307
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: MONTEVIDEO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973078/aaaaafhu.tel
Line Count: 133
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 73 STATE 141993
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 18 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18-Dec-2001 by phillir0>; APPROVED <26 FEB 2002 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: STATE/COMMERCE COOPERATION ON COMMERCIAL PROGRAM
TAGS: BEXP, XX, UY
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005